

COUNTY OF KAUAI
Minutes of Meeting
OPEN SESSION

Board/Committee:		Cost Control Commission		Meeting Date	February 8, 2016
Location	Mo`ikeha Building – Liquor Conference Room			Start of Meeting: 1:33 p.m.	End of Meeting: 2:30 p.m.
Present	Chair elect Joanne Nakashima; Vice-Chair elect James Whitfield; Members: Dirk Apao, Jan Hashizume, Glen Takenouchi, Laurie Yoshida Also present: Board & Commissions Office Staff: Support Clerk Mercedes Omo; Administrator Jay Furfaro; Deputy County Attorney Matthew Bracken				
Excused					
Absent	Tricia Lynn Yamashita				
SUBJECT	DISCUSSION			ACTION	
Oath of Office	Prior to calling the meeting to order, Eddie Topenio Administrative Assistant to the County Clerk, gave the Oath of Office to Commissioner Laurie Yoshida 2 nd Term ending on 12/31/2018.				
Call to Order				Chair Yoshida called the meeting to order at 1:33 p.m. with six (6) members present constituting a quorum.	
Election of New Chair and Vice Chair	Chair Yoshida opened the floor for nominations. Hearing no objections from the Commissioners who were present, Chair Yoshida called for a motion.			Commissioner Takenouchi moved to nominate Commissioner Joanne Nakashima as the new Chair and Commissioner James Whitfield as the new Vice Chair. Commissioner Hashizume seconded the motion. The motion carried 6:0	
Approval of 2016 Meeting Schedule	Chair-elect Nakashima called for a motion to approve the 2016 Meeting Schedule.			Commissioner Yoshida moved to approve. Commissioner Takenouchi seconded the motion. The motion carried 6:0	
Approval of Minutes	Regular Open Session Minutes of October 12, 2015. Vice Chair-Elect Whitfield requested that the second sentence of the third paragraph on page 2 be amended to reflect that the correct word is				

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	<p>“worthwhile” and not worth with.</p> <p>Ms. Omo stated that she would make the corrections.</p> <p>With no further comments or corrections to the meeting minutes, Chair- elect Nakashima called for a motion to approve the meeting minutes as amended.</p>	<p>Commissioner Takenouchi moved to approve the meeting minutes of October 12, 2015, as amended. Commissioner Yoshida seconded the motion. The motion carried 6:0.</p>
<p>Presentation by Boards and Commissions Administrator Jay Furfaro on the County’s CAFR and TAT and Payroll Tax</p>	<p>Administrator Furfaro distributed the following five (5) documents to the Commissioners:</p> <ol style="list-style-type: none"> 1. County of Kaua‘i Single Audit Reports for fiscal year ending June 30, 2015; 2. Management Advisory Report for fiscal year ending June 30, 2015; 3. Copy of a memorandum dated December 11, 2015 to the Salary Commission; 4. Chart reflecting year to year comparisons of the Transient Accommodations Tax collections including the Kaua’i’s share of the TAT with and without the cap; 5. A news article titled, “Should Counties Get a Bigger Share of Hotel Tax Revenue”. <p>Administrator Furfaro stated that the audit that was conducted by the Office of the County Auditor for Fiscal Year ending on June 30, 2015, comprised of basic financial statements contained within the County’s Comprehensive Annual Financial Report (CAFR), a Management Advisory Report comprised of current findings and recommendations to improve internal controls over pCard purchases, review treasury trust accounts, and improve monitoring of delinquent receivable accounts and a single audit comprising of the County’s operating costs and the actions that was taken by the County to reconcile it’s sick leave and vacation time.</p>	

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	<p>Administrator Furfaro stated that although there was less to reconcile this year compared to the previous years they are still having difficulty trying to obtain a pure reconciliation statement from the departments whose responsibility is to keep a record of all accrued vacations.</p> <p>Vice Chair Whitfield asked how many sick leave and vacation hours can a county employee accumulate to which Administrator Furfaro replied up to 720 hours for vacation and another 720 hours for sick leave which is consistent with the other counties through policy negotiations.</p> <p>Administrator Furfaro stated that other discrepancies found in the report is the reconciliation of the P-card purchases and the County's lack of monitoring delinquent accounts on a timely basis particularly, the County's commercial landfill receivables.</p> <p>Relative to the delinquency accounts, Vice Chair-elect Whitfield asked if any legal action can be taken to recover some or all the funds to which Administrator Furfaro replied that there have been discussion on the issue, but in terms of any legal strategy he would refer the question to the Office of the County Attorney.</p> <p>With no further questions or comments from the Commissioners regarding the County's CAFR Report, Administrator Furfaro moved onto the Transient Accommodation Tax portion of his presentation.</p> <p>Administrator Furfaro explained that the original formula for the Transient Accommodation Tax (TAT) is on the gross rental or gross rental proceeds derived from the furnishing of transient accommodations at a 9.25% rate, and like the general excise tax, it is a tax levied on gross income.</p>	

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	<p>He further explained that about five (5) years ago, a percentage of the total collection was distributed to the counties and the balance went to the state convention center special fund and the tourism special fund. The counties share was capped at \$93 million but a working group created by the Legislature recommended that the capped be removed whereas, the state would get 55% of the total, with the counties splitting the remaining 45%, or \$103 million. Of that remaining amount, the City and County of Honolulu would get 44.1%, Maui would get 22.8%, Hawai'i County 18.6% and Kaua'i County would get 14.5% or \$13 million. In other words for the last four (4) to five (5) years the county has lost half of what it should be entitled to.</p> <p>Administrator Furfaro stated that based on the percentage the county is supposed to get next year will be critical because no cost restraints have been placed on public services. He added that if the Legislature is willing to give the counties the option of adding a half-cent county surcharge to the General Excise Tax that alone would generate (over a ten (10) year period) about \$19 million for each year, which the same amount the county is already putting in for its roads and housing. However, the Legislature is saying that it wants 75 percent of the GET collected to go back into the ARM for roads and the other 25 percent to transportation, which is tied to the City and County of Honolulu to make up for its short fall.</p> <p>Vice Chair-elect Whitfield commented in other words the county is subsidizing the C&C of Honolulu's rail project.</p> <p>Commissioner Takenouchi questioned what are chances does the county have to win back its share of the TAT being that the City and County of Honolulu has the lion's share of representatives.</p> <p>Administrator Furfaro stated that the Commission is going to have a tough time trying to identify high controls as well as finding ways to reduce</p>	

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	<p>spending if neither the TAT nor GET comes through. He added that although the county has \$5.5 million it will be used to cover salaries and wages.</p> <p>Commissioner Apao commented that when it comes to the salaries and wages negotiations with the unions plays a very big part. Administrator Furfaro stated that the negotiations are based on the fact that the governor gets four (4) votes, the state hospital system gets one vote and the mayors gets one vote each, and out of the nine (9) possible votes, if the governor secures one of the mayors vote it's a done deal.</p> <p>Commissioner Yoshida asked if the half-cent surcharge to the General Excise Tax would remain on Kaua'i to which Administrator Furfaro stated that 90 percent will remain on Kaua'i and the other 10 percent will go to the State's general fund.</p> <p>Commissioner Yoshida stated that from the Cost Control Commission needs to look at what is actually being proposed that will have a long term effect on the county's operational budget.</p> <p>With no further comments or questions, Chair elect Nakashima moved onto the next agenda item.</p>	
<p>Business CCC 2016-01</p>	<p><u>Discussion on possible recommendations as it relates to Section 28.04 Article XXXVIII of the Kaua'i County Charter.</u></p> <p>Commissioner Yoshida indicated that the purpose of the discussion is to identify an area and then make a recommendation on ways to reduce cost while maintaining a reasonable level of service.</p> <p>Commissioner Takenouchi asked if it was possible to request the presence of the County's Space Planner at the next meeting to provide an update on the</p>	

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	<p>plans for the old Big Save space. Commissioner Yoshida stated that it would also be a good idea to ask Mr. Sullivan if he could be present at the next meeting to update the Commission on the county-wide electricity costs. Commissioner Hashizume asked if it was possible to ask the Vacancy Review Committee for a written report on all employment requisitions that was submitted by the departments for consideration including a justification for the hire and the source of funding within the approved budget.</p> <p>Administrator Furfaro noted that if a position is vacant and they want to fill the position in the future the department would dollar fund the position, but if it's not dollar fund the position it could disappear.</p> <p>Staff acknowledged the Commissioners request and will send to the appropriate county agencies.</p> <p>With no further discussion, Chair-elect Nakashima moved onto the next agenda item.</p>	
<p>CCC 2016-02</p>	<p><u>Discussion or input on possible recommendations for improvement to Article XXVIII Cost Control Commission of the Kaua'i County Charter.</u></p> <p>Administrator Furfaro stated that the Charter Review Commission wants to lock everything into place by March 28th. Commissioner Yoshida stated that if that's the case, and the Commission does not come up with any new recommendations by today, than the issue is moot. Administrator Furfaro stated that the Commission could go to a councilmember to introduce a recommendation if it wanted to.</p> <p>Commissioner Takenouchi commented that he is not sure what other changes could be made to the Charter to expand the scope of work for the Cost</p>	

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	<p>Control Commission.</p> <p>Vice Chair elect Whitfield questioned whether it would be an issue to review the budget or would it interfere with another Commissions responsibility. Commissioner Takenouchi noted that it shouldn't be an issue because in the past, the Commission had the opportunity to see a presentation on the budget.</p> <p>Administrator Furfaro stated that currently the County Council looking into creating a County Manager form of government and the Charter Review Commission (amongst other issues) is revisiting County Districting. He stated that if the proposals are submitted to the voters, and it passes, it would change the entire Charter. He added although the Commission is scheduled to sunset at the end of the year after a ten year period, the Commissioners may propose a new amendment to make it permanent.</p> <p>Commissioner Yoshida stated that if they don't extend the Charter Review Commission the only other way is to recreate another Charter Review Commission or propose an amendments to the Council to which Administrator Furfaro replied that is correct.</p> <p>Commissioner's Yoshida and Takenouchi both indicated that they had no recommendations to make at this time.</p> <p>Chair-elect Nakashima stated that since there are no recommendations to be made she would move onto the announcements.</p>	
Announcements	Next quarterly meeting – Monday, April 11, 2016, at 1:30 p.m. at the Mo`ikeha Building, Liquor Conference Room.	

SUBJECT	DISCUSSION	ACTION
Adjournment	Chair-elect Nakashima called for a motion to adjourn the meeting.	Commissioner Yoshida moved to adjourn the meeting. Commissioner Takenouchi seconded the motion. The motion carried 6:0 At 2:30 p.m. the meeting adjourned

Submitted by: _____
Mercedes Omo, Staff Support Clerk

Reviewed and Approved by: _____
Joanne Nakashima, Chair-elect

☒ Approved as circulated on April 11, 2016

☐ Approved as amended. See minutes of _____ meeting.